

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 SAM-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 PA-01 PRS-01 /089 W
----- 019199

R 251102Z FEB 76

FM AMEMBASSY MAPUTO

TO SECSTATE WASHDC 4319

AMEMBASSY BLANTYRE

AMEMBASSY DAR ES SALAAM

AMEMBASSY GABORONE

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY MABABANE

AMEMBASSY NAIROBI

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

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CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN, MZ

SUBJECT: BANKS TO CLOSE IN MOZAMBIQUE

1. EMBASSY HAS RECEIVED SEPARATE REPORTS THAT AT LEAST THREE LOCAL BANKS, BANCO COMERCIAL DE ANGOLA, BANCO PINTO E SOTTO MAIOR, AND BANCO DE CREDITIO COMERCIAL E INDUSTRIAL WILL BE CLOSING THEIR DOORS WITHIN THE NEXT FEW MONTHS.

2. ALL LIST SAME TROUBLES: LITTLE OR NO NEW LOAN BUSINESS, HEAVY LOSSES ON OUTSTANDING LOANS, AND LOSS OF PERSONNEL.

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3. EMBASSY WAS ALSO TOLD THAT BANCO DE MOCIMBIQUE, (RESERVE BANK AND LEADING COMMERCIAL BANK) IS HAVING LITTLE SUCCESS IN TRAINING MOZAMBICANS TO TAKE OVER BANKING FUNCTIONS.

4. COMMENT: WHILE BANKERS HAD STATED AS RECENTLY AS TWO MONTHS AGO THAT THEY "WERE HOLDING THEIR OWN," AND SOME HAD EXPRESSED GUARDED OPTIMISM ABOUT THE FUTURE, THIS SUDDEN RASH OF REPORTS OF BANK TROUBLE INDICATES THE COMMERCIAL FINANCIAL SITUATION IS STEADILY WORSENING. EMBASSY FEELS THAT TALK ABOUT THROWING IN THE TOWEL RESULTS IN PART DIRECTLY FROM THE MOST RECENT NATIONALIZATIONS (MANY LOANS WERE OF COURSE SECURED BY BUILDINGS AND REAL ESTATE) AND IN PART FROM THE SPREADING DEMORALIZATION AND RUMORS OF FURTHER NATIONALIZATIONS WHICH PERVADE THE MAPUTO BUSINESS COMMUNITY.

5. ALTHOUGH EMBASSY FEELS CLOSURE TALK AT THIS TIME MAY BE PREMATURE, WE FORESEE NATIONALIZATION AND/OR CONSOLIDATION OF SEVERAL MARGINALLY OPERATING BANKS DURING 1976
CARSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, CLOSURE OF OFFICES, ECONOMIC TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MAPUTO00182
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760072-0788
From: MAPUTO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760215/aaaaamlx.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 05 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 MAY 2004 by BoyleJA>; APPROVED <06 JUL 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANKS TO CLOSE IN MOZAMBIQUE
TAGS: EFIN, MZ
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006